

Q3



2019

INTERIM REPORT
AS AT 30 SEPTEMBER 2019

KEY FIGURES AT A GLANCE (IFRS)

€ thousand		
FROM THE INCOME STATEMENT		
	30 Sept. 2019	30 Sept. 2018
Income from rents and leases	63,735	62,499
Net rental income	57,211	55,543
Operating result	26,762	26,550
Financial result	-11,564	-11,409
EBITDA	52,967	51,616
EBDA	41,403	40,207
EBIT	26,861	26,550
Funds from operations (FFO)	41,304	40,207
Net profit for the period	15,297	15,141
- thereof result from the sale of investment property	99	0
FROM THE STATEMENT OF FINANCIAL POSITION		
	30 Sept. 2019	31 Dec. 2018
Total assets	1,215,296	1,209,806
Non-current assets	1,203,030	1,200,651
Equity	510,756	532,426
Equity ratio	in % 42.0	44.0
REIT equity ratio	in % 55.6	56.4
Loan-to-value (LTV)	in % 43.1	42.5
ON HAMBORNER SHARES		
	30 Sept. 2019	30 Sept. 2018
Number of shares outstanding	79,717,645	79,717,645
Basic = diluted earnings per share	in € 0.19	0.19
Funds from operations (FFO) per share	in € 0.52	0.50
Stock price per share (Xetra)	in € 9.58	9.10
Market capitalisation	763,695	725,431
THE HAMBORNER PORTFOLIO		
	30 Sept. 2019	31 Dec. 2018
Number of properties	78	78
Fair value of property portfolio	1,531,670	1,517,260
Vacancy rate (including rent guarantees)	in % 2.0	1.3
Weighted remaining term of leases in years	6.6	6.2
OTHER DATA		
	30 Sept. 2019	31 Dec. 2018
Net asset value (NAV)	861,182	860,226
Net asset value per share	in € 10.80	10.79
Number of employees including Management Board	42	40

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The financial reporting of HAMBORNER REIT AG is in accordance with IFRS (International Financial Reporting Standards) as applicable in the European Union.

This interim report was published on 7 November 2019.

LETTER FROM THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,
LADIES AND GENTLEMEN,

We are delighted to today present the report on the first nine months of the 2019 financial year. HAMBORNER REIT AG has continued the good operational performance of the first half of the year. Income from rents and leases increased by 2.0% year-on-year to €63.7 million in the first nine months of this year. Our key control figure, funds from operations (FFO), was €41.3 million as at the end of the third quarter, 2.7% above the previous year's figure. Including rent guarantees, the vacancy rate was still low at 2.0%. The company's financial situation remains comfortable. The REIT equity ratio is 55.6% and the loan-to-value (LTV) ratio is 43.1%.

We signed the purchase agreement for an office property under construction in Neu-Isenburg in April of this year. The purchase price of the property will be €16.1 million. With annual rental income of around €0.9 million, the gross initial yield is 5.4%. The purchase price will be paid and ownership of the property transferred after the property has been completed, provisionally at the end of 2019 or at the start of 2020.

The office and retail property in Bamberg acquired last autumn was transferred to the HAMBORNER portfolio as at the start of the second half of the year as planned. The main tenant of the approximately 6,100 m² property is the food retailer EDEKA. The weighted remaining term of the leases is around eight years. The purchase price of the property is €15.0 million. With annual rental income of €0.8 million, the gross initial yield is 5.6%.

As at the end of the third quarter of 2019, we completed the contract negotiations for the purchase of a retail property in Lengerich and signed the corresponding purchase agreement on 23 September 2019. The "Markt Karree" shopping centre is situated at an established and convenient retail location in the centre of the town in North Rhine-Westphalia. Around three quarters of the property's total area has been let to the food retailer EDEKA on a long-term lease. Two other units have been let to Takko Fashion and Deichmann. The weighted remaining term of the leases is around 13 years. With annual rental income of €0.7 million in total, the purchase price of the property is €14.2 million. The gross initial yield is 5.2%. Ownership of the property was transferred on 31 October 2019.

We have also been active as a seller. An agreement for the sale of a commercial property in Leverkusen was signed on 19 July 2019. The sale price was €1.6 million. Ownership was transferred on 3 September 2019.

We would like to take this opportunity to thank you for your confidence, and we look forward to further success in the rest of the year.

Duisburg, November 2019



Dr Rüdiger Mrotzek



Hans Richard Schmitz

INTERIM MANAGEMENT REPORT

General Economic Conditions

The leading economic research institutes are becoming increasingly sceptical about the development of the German economy. In their autumn reports for 2019, they are now forecasting growth in gross domestic product of just 0.5% this year and 1.1% for 2020. In the spring, they had predicted growth of 0.8% for 2019 and 1.8% for 2020. The current downturn in growth is largely attributable to German industry, which is in recession on account of a prolonged decline in production figures. The main reasons for this are the global trade conflicts initiated by the US and uncertainty over future economic relationships between the UK and the EU. Despite the dip in output, an economic crisis is not expected at this time.

The ongoing phase of economic weakness notwithstanding, the labour market is still in good condition with sustained growth in employment. However, high demand among companies for new employees is diminishing somewhat. At 45.3 million, the number of people in employment is around 0.3 million higher than the previous year's level, and unemployment is at its lowest point since German Reunification at 4.9%. Experts are forecasting an unemployment rate of 5.0% for 2019 as a whole and 5.1% in 2020.

Report on Result of Operations, Net Asset Situation and Financial Position

As expected, the result of operations, net asset situation and financial position of HAMBORNER REIT AG were good in the first nine months of 2019.

Result of Operations

Income from rents and leases amounted to €63,735 thousand by the end of September 2019 (previous year: €62,499 thousand). The increase as against the same period of the previous year was therefore €1,236 thousand or 2.0%. €2,162 thousand (3.5%) of this growth resulted from the property acquisitions of 2018 and the first nine months of the current financial year. The rental income from properties that were in our portfolio in both the first nine months of this year and the same period of 2018 (like-for-like) decreased slightly by €183 thousand (0.3%). Rental income declined by €742 thousand (1.2%) in total as a result of property disposals in the previous year.

The vacancy rate is still at a low level. Including agreed rent guarantees, it was 2.0% in the first nine months of the reporting year (previous year: 1.1%). Not including rent guarantees, the vacancy rate was 2.1% (previous year: 1.6%).

The company generated income from incidental costs charged to tenants of €10,166 thousand, up €292 thousand (3.0%) on the figure for the same period of the previous year (€9,874 thousand). The costs of the management of the company's properties decreased by €216 thousand or 2.7% to €12,930 thousand (previous year: €13,286 thousand) by the end of September 2019. The drop in operating expenses relates in particular to the adoption of IFRS 16 "Leases" as at 1 January 2019. Under the new standard, ground rents are no longer reported as operating expenses as they were in the same period of the previous year, as a result of which these expenses are lower by €442 thousand.

The expenses for the maintenance of the land and property portfolio amounted to €3,760 thousand for the first nine months of 2019, and were €216 thousand higher than in the previous year (€3,544 thousand). The expenses relate to minor ongoing maintenance and various planned measures. There were also significant maintenance expenses of €1,078 thousand (previous year: €807 thousand) in the first nine months in connection with new leases and lease renewals.

At €57,211 thousand, the net rental income derived from the above items is €1,688 thousand or 3.0% higher than the value for the same period of the previous year (€55,543 thousand).

Administrative and personnel expenses totalled €4,528 thousand in the reporting period, up €369 thousand or 8.9% on the previous year's level (€4,159 thousand). Administrative expenses decreased by €24 thousand (2.5%) as against the previous year while personnel expenses rose by 12.3% or €393 thousand. The rise in personnel expenses was caused in part by the remeasurement effects of long-term Management Board remuneration (LTI) on account of the higher share price compared to 31 December 2018. The operating cost ratio, i.e. administrative and personnel expenses to income from rents and leases, therefore rose slightly as against the previous year to 7.1% (previous year: 6.7%).

Depreciation and amortisation expenses rose by €1,040 thousand to €26,106 thousand in the reporting period after €25,066 thousand in the same period of the previous year as a result of property acquisitions in particular.

Other operating income amounts to €1,093 thousand from January to September (previous year: €993 thousand), and includes €220 thousand of a pro rata receivable received following the insolvency of a former tenant after the conclusion of its insolvency proceedings. Furthermore, other operating income includes €253 thousand from the reversal of provisions, €100 thousand in compensation for cancelled acquisition due diligence and amounts compensated and reimbursed in connection with the letting of properties.

Other operating expenses amounted to €908 thousand in the first nine months of the reporting year (previous year: €761 thousand). This item includes costs of investor relations and public relations work of €267 thousand (previous year: €221 thousand) and input tax adjustments due to VAT-exempt leases (section 15a of the *Umsatzsteuergesetz* (UStG – German VAT Act) of €211 thousand (previous year: €216 thousand) passed on to tenants or compensated by corresponding rent adjustments. It also includes expenses of €111 thousand for the changeover of the ERP system in the reporting year that cannot be capitalised in 2019.

Thus, as at 30 September 2019, the company generated an operating result of €26,762 thousand after €26,550 thousand in the same period of the previous year.

The sale of a property in Leverkusen in the third quarter 2019 led to a result of the sale of investment properties of €99 thousand.

The financial result is €-11,564 thousand as against €-11,409 thousand in the same period of the previous year. Interest expenses on loans of €-10,936 thousand (previous year: €11,118 thousand) included in the financial result were down by a net amount of €181 thousand despite the borrowing of further loans, thanks in particular to the refinancing of loans at lower interest rates. This illustrates the positive effect of the current low interest rates on interest expenses and thus on funds from operations (FFO). The company will benefit from this when refinancing in future as well.

A net profit for the period of €15,297 thousand was generated in the first nine months of the current year after €15,141 thousand in the same period of the previous year. Funds from operations (FFO), i.e. the operating result before depreciation and amortisation expenses and not including proceeds from disposals, increased by 2.0% and amounted to €41,304 thousand in the reporting period (previous year: €40,207 thousand). This corresponds to FFO per share of 52 cents (previous year: 50 cents).

Net Asset Situation and Financial Position

After no acquisitions or disposals of properties in the first half of 2019, ownership of an office and retail property in Bamberg was transferred at the start of the third quarter. The purchase price was €15.0 million with annual rental income of €0.8 million.

Furthermore, the sale of a commercial property in Leverkusen was closed with the transfer of the risks and rewards of ownership on 3 September 2019. The sale price was €1.6 million.

The updated fair value of the developed property portfolio was €1,531.7 million as at the end of the quarter (31 December 2018: €1,517.3 million).

In addition to these transfers of ownership, a purchase agreement for a retail centre built in Lengerich in 2019 was also signed in the third quarter with EDEKA as the core tenant. With annual rental income of €0.7 million in total, the purchase price is €14.2 million. Ownership of the property was transferred on 31 October 2019.

The company had cash funds of €9.1 million on 30 September 2019 as against €7.8 million as at 31 December 2018. The cash inflows mainly resulting from operating activities (€50.2 million; previous year: €49.0 million) and from the borrowing of loans (€39.8 million) are essentially offset by cash outflows for the dividend payment for the 2018 financial year (€-36.7 million), payments of principal and interest (€-29.2 million) and investment in the property portfolio (€-24.2 million). Furthermore, the company had other financing commitments of €56.9 million as at the end of the reporting period.

Equity amounted to €510.8 million as at 30 September 2019 after €532.4 million as at 31 December 2018. The reported equity ratio was 42.0% as at the end of the period after 44.0% as at 31 December 2018. The REIT equity ratio was 55.6% after 56.4% as at 31 December 2018.

Current and non-current financial liabilities increased by a net amount of €22.0 million as against 31 December 2018 as a result of the utilisation of further loans in the first nine months of 2019, and amounted to €668.8 million as at 30 September 2019 after €649.8 million as at 31 December 2018. The average borrowing rate for loans in place and those agreed but not yet utilised is 2.1%.

The fair value of derivative financial instruments was €-1.3 million as at 30 September 2019 after €-1.6 million as at 31 December 2018.

The net asset value (NAV) of the company was €861.2 million as at 30 September 2019 (31 December 2018: €860.2 million). This corresponds to NAV per share of €10.80 (31 December 2018: €10.79). NAV per share was up by 6.4% as against the same date of the previous year (30 September 2018: €10.15). NAV is determined by the fair values of the company's assets – essentially the value of its properties – net of borrowed capital.

Risk Report

As a property company with a portfolio distributed across the whole of Germany, HAMBORNER REIT AG is exposed to a number of risks and opportunities that could affect its result of operations, net assets situation and financial position. There are not currently any new significant changes in the assessment of risks to, and opportunities for, the business development of the company as against 31 December 2018. The comments made in the "Report on Risks and Opportunities" in the 2018 management report therefore still apply.

No risks to the continuation of the company as a going concern are currently discernible.

Forecast Report

We are standing by our published estimates for future business prospects. Accordingly, we are assuming that the good business performance will continue with FFO matching the strong figure for the previous year. Rental income, one of our main figures, is estimated to rise by around 2%.

CONDENSED INTERIM FINANCIAL STATEMENTS OF HAMBORNER REIT AG AS AT AND
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

CONDENSED INTERIM INCOME STATEMENT

€ thousand	1 Jan. – 30 Sept. 2019	1 Jan. – 30 Sept. 2018	1 Jul. – 30 Sept. 2019	1 Jul. – 30 Sept. 2018
Income from rents and leases	63,735	62,499	21,432	21,165
Income from passed-on incidental costs to tenants	10,166	9,874	3,543	3,459
Real estate operating expenses	-12,930	-13,286	-3,854	-4,076
Property and building maintenance	-3,760	-3,544	-1,025	-1,255
Net rental income	57,211	55,543	20,096	19,293
Administrative expenses	-944	-968	-250	-245
Personnel expenses	-3,584	-3,191	-1,218	-1,098
Amortisation of intangible assets, depreciation of property, plant and equipment and investment property	-26,106	-25,066	-8,758	-8,472
Other operating income	1,093	993	167	147
Other operating expenses	-908	-761	-213	-179
	-30,449	-28,993	-10,272	-9,847
Operating result	26,762	26,550	9,824	9,446
Result from the sale of investment property	99	0	99	0
Earnings before interest and taxes (EBIT)	26,861	26,550	9,923	9,446
Interest income	0	0	0	0
Interest expenses	-11,564	-11,409	-3,874	-3,817
Financial result	-11,564	-11,409	-3,874	-3,817
Net profit for the period	15,297	15,141	6,049	5,629
Basic = diluted earnings per share in €	0.19	0.19	0.08	0.07

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

€ thousand	1 Jan. – 30 Sept. 2019	1 Jan. – 30 Sept. 2018	1 Jul. – 30 Sept. 2019	1 Jul. – 30 Sept. 2018
Net profit for the period as per the income statement	15,297	15,141	6,049	5,629
Items reclassified to profit or loss in future if certain conditions are met:				
Unrealised gains/losses (–) on the revaluation of derivative financial instruments	325	777	137	223
Items not subsequently reclassified to profit or loss in future:				
Actuarial gains/losses (–) on defined benefit obligations	–622	130	–77	0
Other comprehensive income	–297	907	60	223
Total comprehensive income	15,000	16,048	6,109	5,852

Other comprehensive income relates to actuarial gains and losses on defined benefit obligations and the effective portion of changes in the fair value of interest rate swaps used to manage the risk of interest rate fluctuations (cash flow hedge).

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – ASSETS

€ thousand	30 Sept. 2019	31 Dec. 2018
NON-CURRENT ASSETS		
Intangible assets	651	600
Property, plant and equipment	3,096	3,103
Investment property	1,197,746	1,195,572
Financial assets	1,246	1,177
Other assets	291	199
	1,203,030	1,200,651
CURRENT ASSETS		
Trade receivables and other assets	3,147	1,372
Cash and cash equivalents	9,119	7,783
	12,266	9,155
Total assets	1,215,296	1,209,806

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

€ thousand	30 Sept. 2019	31 Dec. 2018
EQUITY		
Issued capital	79,718	79,718
Capital reserves	391,194	391,194
Retained earnings	39,844	61,514
	510,756	532,426
NON-CURRENT LIABILITIES AND PROVISIONS		
Financial liabilities	611,698	627,260
Derivative financial instruments	1,316	1,642
Trade payables and other liabilities	9,879	1,595
Pension provisions	6,715	6,352
Other provisions	3,151	3,075
	632,759	639,924
CURRENT LIABILITIES AND PROVISIONS		
Financial liabilities	60,145	22,560
Trade payables and other liabilities	10,432	13,421
Other provisions	1,204	1,475
	71,781	37,456
Total equity, liabilities and provisions	1,215,296	1,209,806

CONDENSED INTERIM STATEMENT OF CASH FLOWS

€ thousand	1 Jan. – 30 Sept. 2019	1 Jan. – 30 Sept. 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	15,297	15,141
Financial result	11,564	11,409
Depreciation, amortisation and impairment (+)/write-ups (-)	26,106	25,066
Change in provisions	-744	-730
Gains (-)/losses (+) (net) on the disposal of property, plant and equipment and investment property	-99	-1
Change in receivables and other assets not attributable to investing or financing activities	-1,867	-1,795
Change in liabilities not attributable to investing or financing activities	-18	-43
	50,239	49,047
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in intangible assets, property, plant and equipment and investment property	-24,214	-97,020
Proceeds from disposals of property, plant and equipment and investment property	1,600	1
Proceeds from disposals of financial assets	3	3
	-22,611	-97,016
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	-36,670	-35,873
Proceeds from borrowings of financial liabilities	39,776	88,000
Repayments of borrowings	-17,499	-33,372
Proceeds from cash collateral for financial liabilities	4,191	0
Repayment portion of lease liabilities	-199	0
Interest payments	-11,700	-10,952
	-22,101	7,803
Changes in cash funds	5,527	-40,166
Cash funds on 1 January	3,592	53,914
Cash and cash equivalents (with a remaining term of up to three months)	3,592	53,914
Restricted cash and cash equivalents	4,191	4,191
Cash and cash equivalents on 1 January	7,783	53,914
Cash funds on 30 September	9,119	13,748
Cash and cash equivalents (with a remaining term of up to three months)	9,119	13,748
Restricted cash and cash equivalents	0	4,191
Cash and cash equivalents on 30 September	9,119	17,939

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

€ thousand	Issued capital	Capital reserves	Retained earnings			Total equity
			Cash flow hedge reserve	Reserve for IAS 19 pension provisions	Other retained earnings	
As at 1 January 2018	79,718	391,194	-2,515	-3,891	83,653	548,159
Distribution of profit for 2017 (€0.45 per share)					-35,873	-35,873
Net profit for the year 1 Jan. – 30 Sept. 2018					15,141	15,141
Other comprehensive income 1 Jan. – 30 Sept. 2018			777	130		907
Total comprehensive income 1 Jan. – 30 Sept. 2018			777	130	15,141	16,048
As at 30 September 2018	79,718	391,194	-1,738	-3,761	62,921	528,334
Net profit for the year 1 Oct. – 31 Dec. 2018					4,259	4,259
Other comprehensive income 1 Oct. – 31 Dec. 2018			96	-263		-167
Total comprehensive income 1 Oct. – 31 Dec. 2018			96	-263	4,259	4,092
As at 31 December 2018	79,718	391,194	-1,642	-4,024	67,180	532,426
Distribution of profit for 2018 (€0.46 per share)					-36,670	-36,670
Net profit for the year 1 Jan. – 30 Sept. 2019					15,297	15,297
Other comprehensive income 1 Jan. – 30 Sept. 2019			325	-622		-297
Total comprehensive income 1 Jan. – 30 Sept. 2019			325	-622	15,297	15,000
As at 30 September 2019	79,718	391,194	-1,317	-4,646	45,807	510,756

NOTES ON THE CONDENSED INTERIM FINANCIAL STATEMENTS

Information on HAMBORNER

HAMBORNER REIT AG is a listed corporation (SCN 601300) headquartered in Duisburg, Germany. This interim report of HAMBORNER REIT AG for the first nine months of 2019 was published on 7 November 2019. The interim financial statements have been prepared in euro (€), whereby all amounts – unless stated otherwise – are reported in thousands of euro (€ thousand). Minor rounding differences can occur in totals and percentages.

Principles of Reporting

This interim report of HAMBORNER REIT AG as at and for the period ended 30 September 2019 has been prepared in accordance with those International Financial Reporting Standards (IFRS (including IAS 34)) applicable to interim financial reporting as adopted by the European Union, the requirements of the German Accounting Standard No. 16 of DRSC (German Accounting Standards Committee) on interim reporting and in accordance with the requirements of section 37w of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act). The scope of its reporting is condensed compared to the IFRS separate financial statements as at 31 December 2018.

With the exception of the changes due to the first-time adoption of IFRS 16 “Leases” presented below, the interim financial statements as at and for the period ended 30 September 2019 are based on the same accounting policies as the separate IFRS financial statements as at 31 December 2018. The accounting standards effective from 1 January 2019 that have been endorsed by the EU and revised were complied with. The changes to the interim financial statements as at and for the period ended 30 September 2019 resulting from this are as follows:

IFRS 16 Leases

IFRS 16 became effective for the first time as at 1 January 2019. It replaces the previously applicable IAS 17 and regulates accounting for leases.

The introduction of IFRS 16 will not have any accounting effects on HAMBORNER as a **lessor** in relation to leased properties.

HAMBORNER is a **lessee** as defined by IFRS 16 for three leaseholds and, to a lesser extent, for items of operating and office equipment. In accordance with the provisions of IAS 17 that applied until 31 December 2018, operating

leases were reported off-balance sheet by lessees by recognising the lease instalments to be paid in the income statement. Now the discounted future financial obligations arising from leases must be recognised as lease liabilities. These are reduced over time as lease instalments are paid. At the same time, a right of use to the respective leased asset must be recognised. The right-of-use assets are reported in the statement of financial position item in which the underlying asset would be reported. Right-of-use assets are amortised over the term of the lease.

As at 1 January 2019, investment property increased by €9.1 million and property, plant and equipment by €0.1 million as a result of the adoption of IFRS 16. At the same time, trade payables and other liabilities rose by €9.2 million.

On account of the recognition of right-of-use assets and lease liabilities, the current ground rents are no longer reported in profit or loss as operating expenses. However, depreciation increases to reflect the lower value of the rights of use and interest expenses are increased by the interest effect of the lease liability.

The new financial reporting standards had no further significant impact on the interim financial statements.

This interim report was neither audited by an auditor in accordance with section 317 HGB nor reviewed by an auditor.

In the opinion of the Management Board, the interim report contains all the significant information needed to understand the changes in the result of operations, net asset situation and financial position of HAMBORNER REIT AG since the last annual financial statements as at and for the year ended 31 December 2018.

Material Transactions in the First Nine Months of 2019

In the first nine months of the reporting year, ownership of a property in Bamberg was transferred to the company on 1 July 2019. The investment volume not including incidental costs of acquisition amounted to €15.0 million.

Furthermore, the risks and rewards of ownership of a property in Leverkusen were transferred on 3 September 2019.

Other Selected Notes

In the process of preparing these interim financial statements, we reviewed the fair values of our investment properties as calculated by an independent expert as at 31 December 2018. The review did not identify any further factors affecting the fair value of those properties that would have led to a significantly different valuation as at 30 September 2019. Therefore, the fair values published as at 31 December 2018 continue to be reasonable for these interim financial statements. The property addition in Bamberg after 31 December 2018 was also valued by an independent expert as part of its acquisition and included in reporting accordingly.

On 30 September 2019, there were obligations arising from notarised purchase agreements for properties in Aachen, Bonn, Neu-Isenburg and Lengerich to pay a total purchase price of €81.4 million. The purchase prices will fall due on fulfilment of the conditions.

Owing to the decline in capital market interest rates, the discount rate used to measure pension obligations was reduced to 0.74% as at 30 September 2019 (31 December 2018: 1.83%). This interest adjustment caused pension provisions to rise by €803 thousand. In contrast pension provisions were reduced by €181 thousand on account of the death of a pension recipient. Both adjustments were recognised in retained earnings.

With the exception of derivatives recognised at fair value, all assets and liabilities are measured at amortised cost.

For the assets and liabilities recognised at amortised cost, except for the financial liabilities, the carrying amounts of the financial assets and liabilities in the statement of financial position are a good approximation of their fair value.

The fair values of financial liabilities are equal to the present values of the payments associated with the liabilities, taking into account the current interest rate parameters (level 2 under IFRS 13) as at the end of each reporting period, and amount to €717,007 thousand as at 30 September 2019 (31 December 2018: €672,516 thousand).

The derivative financial instruments reported in the statement of financial position are measured at fair value. These are exclusively interest rate hedges. The fair values result from discounting the expected future cash flows over the residual term of the contracts on the basis of observable market interest rates or yield curves (level 2 under IFRS 13).

Significant Related Party Transactions

There were no reportable transactions with related parties in the reporting period.

Events After the End of the Reporting Period

Ownership of a retail property in Lengerich was transferred on 31 October 2019.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the net asset situation, financial position and result of operations of the company, and the interim management report of the company includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company for the remaining months of the financial year.

Duisburg, 7 November 2019

The Management Board


Dr Rüdiger Mrotzek


Hans Richard Schmitz

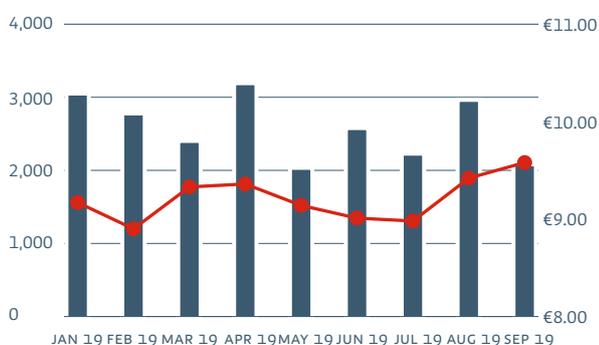
ADDITIONAL INFORMATION

General Development on the Capital Market

The global economic cooldown that began at the end of last year continued as 2019 progressed. Economic policy risks, such as the lingering uncertainty over Brexit, the ongoing trade conflicts and the associated protectionist measures taken by the US and China, continued to be a source of concern and weighed heavily on global economic growth. However, this had little impact on the national and international stock markets. After ending 2018 at 10,559 points, the DAX continued to rise in the opening months of the year. The benchmark index rose above 12,000 points in the second quarter, reaching 12,399 points as at the end of the first half of the year. The DAX fell below 11,500 points at times in August. However, the market stabilised by the end of the third quarter and the benchmark index ended September at 12,428 points. This corresponds to growth of 17.7% as against the end of 2018.

HAMBORNER REIT AG Shares

Development of HAMBORNER shares



■ TURNOVER IN THOUSANDS ● PRICE (XETRA)

HAMBORNER's shares continued their good performance on the stock markets as the year went on. At €9.58 as at the end of the third quarter of 2019, the share price was 13.9% higher than at the end of 2018. Market capitalisation was around €764 million as at 30 September 2019.

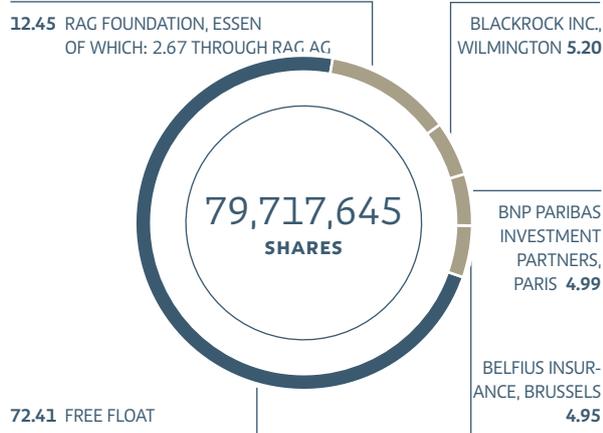
Trading volumes developed at a constant level in the first nine months of this year. At an average of around 121,000 shares traded per day, share turnover matched the average level for 2018 (around 121,000 shares per trading day).

Name/code	HAMBORNER REIT AG/HAB
SCN/ISIN	601300/ DE0006013006
Number of shares	79,717,645
Share capital	€79,717,645
Index	SDAX/EPRA index
Designated sponsor	HSBC, ODDO SEYDLER
Free float	72.40%
Market capitalisation	€763.7 million

Shareholder Structure

Shareholder structure as at 30 September 2019

[in %]



Sustainability Report

After publishing our first sustainability report in 2013, we are delighted to have released a follow-up report this year as well. We have devoted ourselves intensively to the subject of sustainability in recent years, communicating with a variety of stakeholders about issues relevant to sustainability and gaining vital insights into the needs and requirements of different groups. This knowledge forms the bedrock of our concept of sustainability, which we wish to share with you in our sustainability report. The aspects of sustainability most important to HAMBORNER and its stakeholders are explained in depth in this report, and the developments in the action areas of the economy, the environment, society and integrity are presented. The 2018/2019 sustainability report is available on our homepage www.hamborner.de in the Sustainability section.

General Information

Transparency and reporting are a top priority in our investor relations activities. The latest information, presentation documents and corporate disclosures can therefore be accessed at any time on our homepage www.hamborner.de in the Investor Relations section. There you can also join our mailing list to receive a newsletter with all the key information on our company directly by e-mail.

FINANCIAL CALENDAR 2019/2020

7 November 2019	Quarterly financial report 30 September 2019
6 February 2020	Provisional figures for the 2019 financial year
26 March 2020	Annual report 2019
5 May 2020	Quarterly financial report 31 March 2020
6 May 2020	Annual General Meeting 2020
11 May 2020	Payment of dividend for the 2019 financial year
30 July 2020	Half-year financial report 30 June 2020

Forward-looking Statements

This report contains forward-looking statements, e.g. on general economic developments in Germany and the company's own probable business performance. These statements are based on current assumptions and estimates by the Management Board, which were made diligently on the basis of all information available at the respective time. If the assumptions on which statements and forecasts are based are not accurate, the actual results may differ from those currently anticipated.

ABOUT THIS PUBLICATION

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